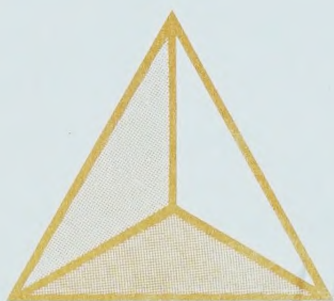


AR40

Free JS



**AETNA**  
INVESTMENT CORPORATION LTD.

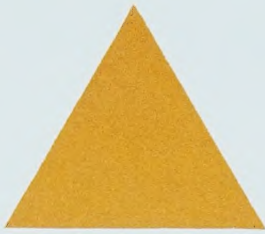
**32nd  
Annual  
Report**

**1966**



**A E T N A**

**INVESTMENT CORPORATION LTD.**



# officers and directors

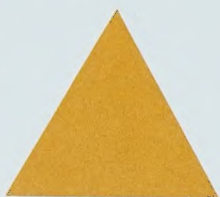
Mark M. Tanz .....	President and Director
J. S. McIntosh .....	Vice-President and Director of Mining
G. E. Creber .....	Vice-President and Director
J. R. Pyper .....	Director
N. C. P. Graves .....	Director
Burton Winberg .....	Director
George S. Mann .....	Director
R. A. C. Douglas .....	Secretary and Director

# solicitors

Douglas, Symes & Brissenden, Vancouver, B.C.

# administrative office

1690 West Broadway, Vancouver 9, B.C.



## directors' report

To the Shareholders:

On behalf of your Board of Directors, I am pleased to present the thirty-second Annual Report of your Company for the year ended May 31, 1966. As in the past, your Vice-President and Managing Director of Mining Operations, Mr. J. S. McIntosh, P.Eng., has reviewed the operation at both the Mineral King mine and the Cowichan Copper Co. Ltd. (N.P.L.) mine for your consideration.

Net income for the twelve month period totalled \$290,530 or 15.3 cents per share, as compared to \$180,339 or 9.5 cents per share for the same period in the previous year. The profit for 1966 includes certain non-recurring capital gains on the realization of some of your Company's investments. It should also be noted that the operating expenses include \$255,819 charged to development and preproduction costs, the majority of which funds were expended in the sinking of our shaft at the Mineral King mine, which was completed at year end.

In reviewing the financial statements, I would also point out that the profit does not consolidate the earnings of our associated companies, Commonwealth Savings & Loan Corporation and Canada Health & Accident Assurance Corporation, but merely reflects the dividends received from these corporations during the year. On a consolidated base, net earnings for 1966 would have been \$383,000 or 20 cents per share.

At May 31, 1966, current liabilities exceeded current assets by approximately \$400,000. I am pleased to advise you, that we have completed satisfactory financing in order to resolve this temporary condition.

In the coming year the operating profits from the operation of the Mineral King mine may decline, but any loss in income therefrom could be offset by the income received from our management agreement with the Cowichan Copper Co. Ltd. (N.P.L.).

During the year, your Company increased its investment in Commonwealth Savings & Loan Corporation from \$1,925,477 to



\$2,066,727, by the acquisition of a further 10,000 shares.

Commonwealth Savings continues to prosper, and total deposits at June 30th exceeded \$22,000,000. Profits for the first six months of 1966 totalled \$91,600, as compared to \$41,900 for the previous six month period ending December 31, 1965.

In January of this year, Commonwealth Savings opened its tenth branch in Metropolitan Toronto, which opening marked the completion of its program of new branch development. In light of Commonwealth's present position, and in spite of tight money and competitive market conditions, we view our investment with justified optimism.

Net profit for Canada Health & Accident Assurance Corporation for the first six months of 1966 totalled \$65,444 as compared to \$49,793 for the same period in 1965, and earnings for the balance of the year should be very satisfactory.

I am pleased to advise you that after many months of waiting, Canada Health's application to amend its charter to write Life Insurance received its second reading in the House of Commons, and subsequent approval was granted by the Committee on Finance, Trade and Economic Affairs.

We anticipate that Canada Health's Bill will receive its third reading and Royal Assent when the House reconvenes in the Fall.

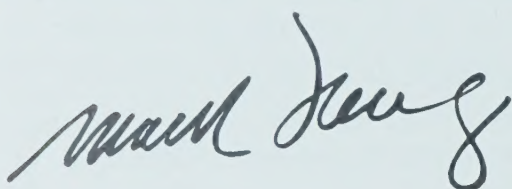




After studying this Annual Report, I am sure you will agree with your Board of Directors, that the present break-up value of the Company of approximately \$1.30 per share in no way reflects the inherent value and potential of your Company in its present form.

In 1967, profits of our associated companies should increase substantially, which, together with the earnings of our mining operation should result in a satisfactory year.

By order of the board

A handwritten signature in dark ink, reading "Mark M. Tanz". The signature is fluid and cursive, with the first name "Mark" and last name "Tanz" clearly legible.

MARK M. TANZ  
President

August 15, 1966







## report from the director of mining operations

July 6, 1966

The President and Directors,  
Aetna Investment Corp. Ltd.,  
1690 West Broadway,  
Vancouver 9, B.C.

Gentlemen:

The following report covers operations of the company at its Mineral King property during the fiscal year ending May 31, 1966. It also covers the operation of Cowichan Copper Company under the terms of the agreement signed with that company in May 1965.

### general:

Production of lead and zinc concentrates continued throughout the year at the Mineral King property with a ready sale for both products on the U.S. Market. Whilst the quoted price of lead dropped to 15 cents per pound, the quoted price for zinc remained constant at 14.5 cents per pound enabling us to obtain a combined net price for lead and zinc of 17.21 cents, an increase of 1.62 cents over the previous year.

### mining:

The total tonnage of ore milled was 133,408 tons as compared with 168,998 tons last year. This reduction was in part due to the shaft sinking programme carried out by our own staff who were diverted from actual production. With the continuing decline in ore reserve, associated problems are becoming more acute. These problems have been compounded by the extreme shortage of experienced men presently affecting the whole mining industry. The value of total production as compared with last year declined by 12.1% to \$1,071,925 against \$1,219,301 last year.

Mining costs, at \$3.72 per ton, were 64¢ higher than last year. The increase was due to lower labour productivity in the scattered working areas and to higher wage rates. The grade of ore mined was 1.57% lead and 4.07% zinc as compared with 1.65% lead and 4.08% zinc in the previous year. The marginal difference in the grade of ore milled was more than compensated for by the improved market price obtained.



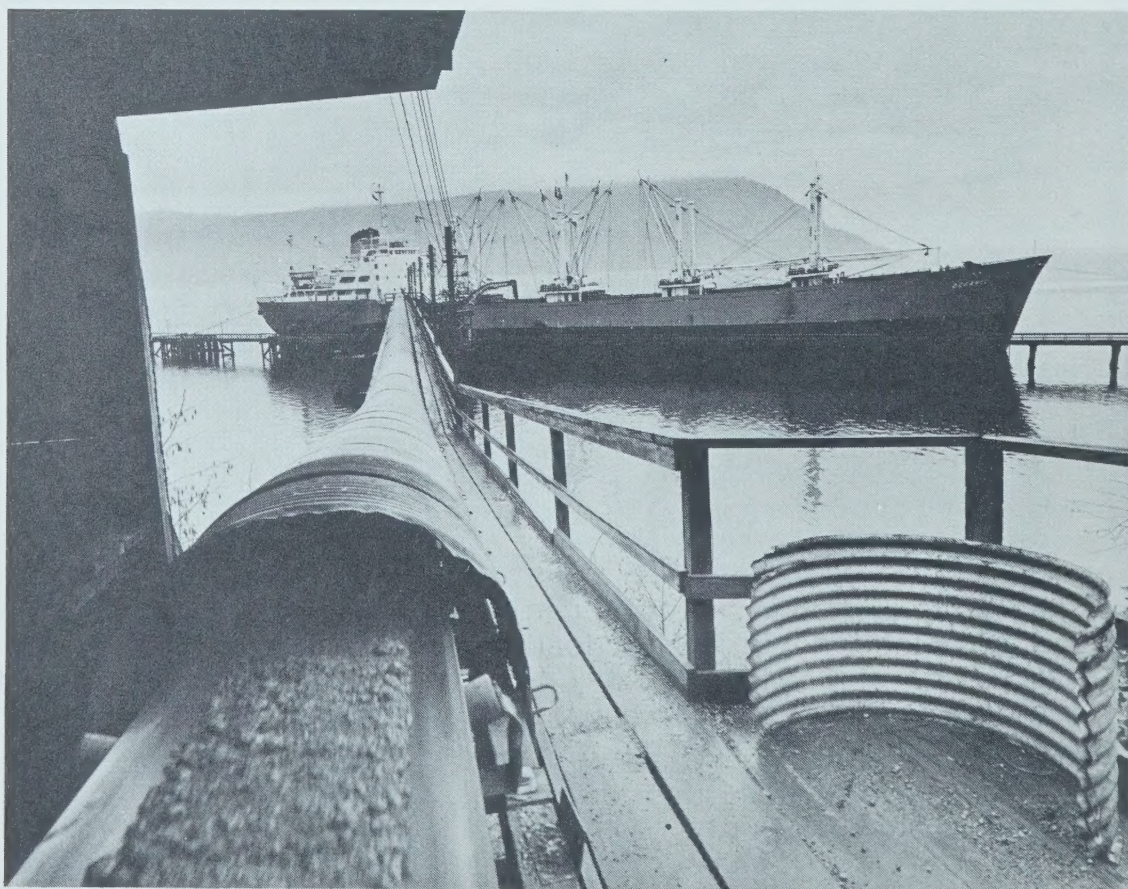


Tonnage developed during the year amounted to 51,672 tons.

Present reserve stands at 184,217 tons averaging 0.8 ounce silver, 2.18% lead and 4.73% zinc. Last year's reserve was estimated at 265,955 tons averaging 1.0 ounces silver, 1.62% lead and 4.68% zinc.

Reserve by orebodies:

"A" zone .....	47,255 tons
"B" zone .....	17,037 tons
"C" zone .....	6,600 tons
"D" zone .....	26,639 tons
"W" zone .....	57,244 tons
"New zone .....	29,442 tons
	<hr/> 184,217 tons





## shaft development:

The shaft development programme was completed during the year. Work done consisted of 643 feet of sinking, 281 feet of crosscutting, 53 feet of raising, and 30,712 cubic feet of slashing. Cost of this work, including necessary equipment, amounted to \$181,213. Current development is now proceeding on the 11th and 12th levels.

## concentrator:

The Mineral King concentrator treated 516 tons per operating day. Milling costs at \$1.686 were 19¢ per ton above last year.

## outside exploration:

Twenty properties were investigated during the year at a cost of \$13,331. None were optioned.

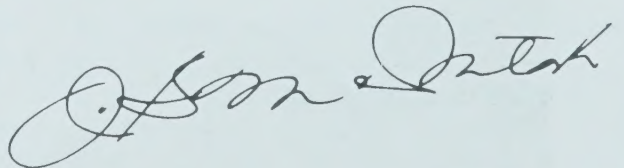
## cowichan copper:

With the assumption of management control of this company in April 1965, a maximum effort was initiated to bring this company's Sunro Mine property back into operation. This was achieved by December when production was resumed and the first shipment of concentrates was made in March. Because of the extreme shortage of experienced miners and unexpected weaknesses in mill and

other underground equipment, attributable to the past flooding of the mine in 1963, production and development have been slow and above normal cost. Development crews are now up to full strength and working to full capacity in both lower "B" and "D" ore bodies. Development ore from both these areas will be available in July with stope production commencing about the end of September, reaching full production by the end of the year.

We are again indebted to Mr. J. B. Magee and his staff for their continuing good work at the company's Mineral King properties, and to Hartley Graham and his staff for the maximum efforts made at Cowichan Copper during the past year.

Respectfully submitted,



J. S. McIntosh

Director of Mining Operations





# balance sheet at may 31, 1966:

(With comparative figures for 1965)

## assets

	1966	1965
Current assets:		
Cash .....	\$ 6,466	\$ 14,289
Marketable securities, at cost (market value \$82,609; 1965, \$471,707) .....	86,155	300,199
Metal settlements and other accounts receivable .....	49,617	174,398
Loan receivable from Cowichan Copper Co. Ltd. (N.P.L.), secured (note 2) .....	650,000	100,000
Inventory of supplies, at cost .....	57,675	62,600
Prepaid expenses .....	10,562	9,833
Total current assets .....	<u>860,475</u>	<u>661,319</u>
Investment in associated companies, at cost (note 3):		
143,851 shares of Commonwealth Savings & Loan Corporation (quoted market value \$2,049,877) (1965, 133,851 shares— quoted market value \$2,108,153) .....	2,066,727	1,925,477
11,184 shares of Canada Health & Accident Assurance Corporation (no quoted market value) .....	999,078	
	<u>3,065,805</u>	<u>1,925,477</u>
Buildings and equipment, at cost:		
Buildings .....	327,243	327,243
Machinery and equipment .....	773,895	756,484
Automotive equipment .....	63,297	62,842
	<u>1,164,435</u>	<u>1,146,569</u>
Deduct accumulated depreciation .....	974,941	901,477
	<u>189,494</u>	<u>245,092</u>
Mining properties, development and pre-production expenses, at cost less amounts written off .....	178,333	263,302
	<u>\$4,294,107</u>	<u>\$3,095,190</u>

## auditors' report

To the Shareholders of Aetna Investment Corporation Limited

We have examined the balance sheet of Aetna Investment Corporation Limited as at May 31, 1966 and the statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.



liabilities

	1966	1965
Current liabilities:		
Bank loan and overdraft, secured (note 3) ..	\$ 135,312	\$ 415,000
Accounts payable and accrued liabilities .....	202,326	109,481
Loans payable (note 3) .....	900,000	
Calls payable on share purchase .....		287,210
Estimated income taxes payable .....	5,350	
Total current liabilities .....	<u>1,242,988</u>	<u>811,691</u>
Term debt:		
7% Notes payable to associated companies due December 31, 1967 (note 3) .....	<u>625,000</u>	

shareholders' equity

Share capital (note 4)		
Authorized: 3,500,000 common shares with a par value of 50 cents each		
Issued:		
630,000 shares for property and services		
1,262,000 shares for cash		
<u>1,892,000</u> shares .....	946,000	944,500
Deduct discounts and commissions less premiums on shares .....	<u>282,449</u>	<u>284,399</u>
	663,551	660,101
Retained earnings .....	<u>1,762,568</u>	<u>1,623,398</u>
	<u>2,426,119</u>	<u>2,283,499</u>
	<u>\$4,294,107</u>	<u>\$3,095,190</u>

The accompanying notes are an integral part of this statement  
and should be read in conjunction therewith.

Approved on behalf of the Board:  
MARK M. TANZ, *Director*  
GEORGE S. MANN, *Director*

In our opinion the accompanying balance sheet and statements of income and retained earnings present fairly the financial position of the company as at May 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada, THORNE, MULHOLLAND, HOWSON & McPHERSON  
August 12, 1966. Chartered Accountants





## statement of income Year Ended May 31, 1966

(With comparative figures for 1965)

	1966	1965
Net concentrate production . . . . .	\$1,071,926	\$1,219,301
Operating expenses:		
Mining and milling costs . . . . .	811,345	872,595
Camp and cookhouse operations . . . . .	25,257	26,567
Administrative, office and general expenses (including directors' remuneration consisting of salaries and fees, \$28,135; 1965, \$24,778) . . . . .	71,871	64,135
	<u>908,473</u>	<u>963,297</u>
Operating profit . . . . .	<u>163,453</u>	<u>256,004</u>
Add:		
Dividends received . . . . .	48,192	39,971
Interest received . . . . .	33,801	19,380
Gain on realization of investments . . . . .	486,318	62,086
Sundry income . . . . .	9,315	5,846
	<u>577,626</u>	<u>127,283</u>
Less interest paid . . . . .	98,173	1,401
	<u>479,453</u>	<u>125,882</u>
	<u>642,906</u>	<u>381,886</u>
Deduct:		
Depreciation (note 5) . . . . .	75,876	72,656
Amortization of development and pre- production expenses (note 5) . . . . .	255,819	68,757
Prospecting and outside exploration . . . . .	13,331	46,631
	<u>345,026</u>	<u>188,044</u>
Income before taxes on income . . . . .	<u>297,880</u>	<u>193,842</u>
Taxes on income . . . . .	7,350	13,503
Net income for year . . . . .	<u>\$ 290,530</u>	<u>\$ 180,339</u>



## statement of retained earnings Year Ended May 31, 1966

(With comparative figures for 1965)

	1966	1965
Amount at beginning of year .....	\$1,623,398	\$1,619,838
Add:		
Net income for year .....	290,530	180,339
Adjustment of prior years' income and mining taxes .....		11,581
	<u>1,913,928</u>	<u>1,811,758</u>
Deduct dividends paid at 8 cents per share (1965, 10 cents per share) .....	151,360	188,360
Amount at end of year .....	<u><u>\$1,762,568</u></u>	<u><u>\$1,623,398</u></u>

## notes to financial statement Year Ended May 31, 1966

1. On September 1, 1965 the name of the company was changed from Sheep Creek Mines Limited to Aetna Investment Corporation Limited.

2. The company has agreed to loan Cowichan Copper Co. Ltd. (N.P.L.) up to a total of \$850,000 if required. The loan, which amounted to \$650,000 at May 31, 1966 and bears interest at 7% per annum is secured by a first and fixed charge on certain mining and leasehold properties and by a first floating charge on the remaining assets of Cowichan. The terms of repayment are \$400,000 on or before December 1, 1966, \$300,000 on or before December 31, 1967 and the balance on or before April 1, 1968. There are provisions for repayment based on operating profits and tonnages mined and it is anticipated that the loan will be repaid before May 31, 1967. A management agreement is in effect whereby the company will manage the operations of Cowichan until the loan has been repaid or December 31, 1968, whichever is later.

During the year, under the terms of the loan agreement with Cowichan, the company exercised its rights to purchase 675,000 shares of Cowichan for a total consideration of \$315,200. The company has rights remaining to purchase 125,000 Cowichan shares over a period extending to April 12, 1968 at prices ranging from \$1 to \$1.50 per share.

3. The Company has pledged 2,000 shares of MacMillan Bloedel Limited, 5,000 shares of Granduc Mines Limited, 10,310 shares of Canada Health & Accident Assurance Corporation and 133,851 shares of Commonwealth Savings & Loan Corporation as collateral to secure the bank loan and notes payable of \$1,525,000.

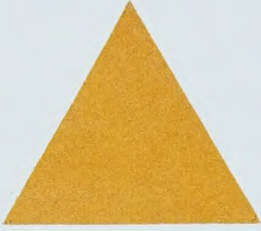
4. Options are outstanding for key employees to purchase shares in the company for \$1.30 per share exercisable up to February 26, 1968.

During the year 3,000 shares were purchased under option agreements at \$1.15 per share.

5. Up to May 31, 1965 depreciation of buildings and equipment and amortization of development and pre-production expenses claimed for tax purposes exceeded the amounts recorded in the accounts by approximately \$245,000. For the year ended May 31, 1966 it is intended to claim for tax purposes approximately \$131,000 less than the amounts recorded in the accounts. Taxes will thereby have been deferred by approximately \$46,000 to date.

6. The Company is contingently liable for \$75,000 as a guarantor to an agreement between Cowichan Copper Co. Ltd. (N.P.L.) and Mitsui & Co. Ltd.





## corporate interests:

Commonwealth Savings & Loan Corporation

Commonwealth Insurance Company

Canada Health and Accident Assurance  
Corporation

## Mining Interests:

Mineral King Mine

The Sunro Mine



**A E T N A**

**INVESTMENT CORPORATION LTD.**



